

# TRANS-PACIFIC PARTNERSHIP

## Benefits to U.S. Agriculture

October 16, 2015

### TOBACCO

The Trans-Pacific Partnership (TPP) will provide significant new market opportunities for U.S. exporters. It will promote economic growth in the Asia-Pacific region, expanding demand for U.S. food and agricultural products among nearly 500 million consumers in TPP partner countries. The TPP strengthens trade rules and provides specific new market access commitments for U.S. agricultural exports to Japan, Malaysia, Vietnam, New Zealand, and Brunei.

In 2014, the United States exported \$378 million of tobacco<sup>1</sup> to the TPP region and \$1.5 billion to the world. By eliminating tariffs on all tobacco in TPP export markets, TPP will enhance U.S. tobacco farmers' ability to compete fairly in TPP export markets.

#### Japan

U.S. tobacco exports to Japan totaled more than \$260 million in 2014. Under the TPP agreement, Japan will eliminate all tariffs on tobacco, currently as high as 29.8 percent, in 11 years.

#### Malaysia

Malaysia will eliminate all tariffs on tobacco in 16 years.

#### New Zealand

New Zealand will immediately eliminate all tariffs on tobacco.

#### Vietnam

Vietnam will eliminate all tariffs on tobacco, which are currently as high as 135 percent. For manufactured tobacco products, Vietnam will eliminate tariffs in 16 years. For unmanufactured tobacco, Vietnam will create a 500-ton transitional tariff rate quota (TRQ) that will grow by five percent each year, with in-quota tariff rates eliminated in 11 years and out-of-quota tariff rates eliminated in 21 years.

#### Brunei

Brunei will immediately eliminate all tariffs on tobacco.

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<sup>1</sup> Includes all exports under the Harmonized Tariff Schedule, Chapter 24, including both unmanufactured tobacco (HS 2401), defined as tobacco leaf and other farm tobacco products, and manufactured tobacco (HS 2402 and HS 2403), defined as cigars, cheroots, cigarillos, cigarettes, other manufactured tobacco substitutes, and tobacco extracts and essences.

**United States**

The United States will eliminate all tariffs on tobacco, currently as high as 350 percent, in 10 years.

**Tobacco Control Measures**

TPP includes new protections to ensure that governments can implement public health measures relating to manufactured tobacco products, like the U.S. Tobacco Control Act, without facing legal challenge under the agreement. These provisions do not affect the sale of tobacco leaf or other farm tobacco products, which will be treated like any other agricultural commodity, including with respect to tariff elimination and dispute settlement.

NOTE: Data on U.S. domestic exports are from the U.S. Census Bureau. Data on Japan's imports are from Japan Customs